

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301  
Indianapolis, IN 46204  
(317) 233-0696  
<http://www.in.gov/legislative>

**FISCAL IMPACT STATEMENT**

**LS 7132**

**BILL NUMBER:** SB 379

**NOTE PREPARED:** Feb 19, 2004

**BILL AMENDED:** Feb 19, 2004

**SUBJECT:** Release of Social Security Numbers.

**FIRST AUTHOR:** Sen. Hershman

**FIRST SPONSOR:** Rep. Hasler

**BILL STATUS:** CR Adopted - 2<sup>nd</sup> House

**FUNDS AFFECTED:** X GENERAL  
DEDICATED  
FEDERAL

**IMPACT:** State & Local

**Summary of Legislation:** (Amended) This bill prohibits a state agency from releasing the Social Security number of an individual unless required by state law, federal law, or court order; authorized in writing by the individual; to a commercial entity for permissible uses set forth in the Drivers Privacy Protection Act, the Fair Credit Reporting Act, or the Financial Modernization Act of 1999; or necessary to the investigation, prosecution, and adjudication of violations of law or for administration of state employee health benefits. The bill makes it a Class D felony to knowingly make a false representation to obtain a Social Security number or for an agency employee to knowingly disclose a Social Security number. It provides that an agency employee who negligently discloses a Social Security number commits a Class A infraction.

The bill also requires the State Information Technology Oversight Commission to appoint a group of individuals to develop a state information security policy. The bill requires the Commission to appoint a director of information security to implement the policy. It requires each state agency and branch of state government to designate an information security liaison. It also requires each state agency and branch of state government to implement the information security policy. The bill provides that the executive director of the State Information Technology Oversight Commission serves as the chief information officer of Indiana. The bill also requires the chief information officer to serve as director of the state information security policy group.

**Effective Date:** Upon passage; July 1, 2004.

**Explanation of State Expenditures:** (Revised) *Release of Social Security Numbers; Administrative Costs:* State agencies could incur increased costs based on changes needed to current procedures and/or computer systems as a result of several provisions of the bill. There are no data available to estimate the increase in cost, but the provisions that appear to add administrative cost include:

1. State agencies would be prohibited from releasing Social Security numbers except in certain circumstances.
2. Removing, or completely and permanently obscuring a Social Security number on a public record before disclosing the record is considered compliance.
3. State agencies that disclose personal information in violation of the section would be required to notify persons whose Social Security number was disclosed.

*Attorney General's Office:* This proposal would require the Attorney General's office to develop procedures for investigation of and reporting of violations of Social Security number disclosures. The provision is expected to increase the administrative burden of the Attorney General's office. However, the extent of this burden is currently indeterminable as the number of violations that will occur is unknown. Aside from the customer information contained in the records of a municipal utility, Social Security numbers are not currently required to be stricken from information available through the state's public records law.

*Penalty Provisions:* The bill makes it a Class D felony for a person to illegally obtain a Social Security number or for an employee to knowingly, intentionally, or recklessly disclose a number. A Class D felony is punishable by a prison term ranging from six months to three years or reduction to Class A misdemeanor depending upon mitigating and aggravating circumstances. Assuming offenders can be housed in existing facilities with no additional staff, the average cost for medical care, food, and clothing is approximately \$1,825 annually, or \$5 daily, per prisoner. However, any additional expenditures are likely to be small. The average length of stay in Department of Correction (DOC) facilities for all Class D felony offenders is approximately ten months.

*Information Technology Oversight Commission:* This bill requires the Information Technology Oversight Commission (ITOC) to designate a group to develop a state information security policy. The group will consist of members representing the executive, legislative, and judicial branches of state government. The state's Chief Information Officer will serve as the director of the information security policy group.

The impact of this provision on ITOC will largely depend on the administrative action taken by the Commission.

*Other State Agencies:* The bill requires each state agency, the legislative branch, and the judicial branch to appoint an employee to serve as the agency's or branch's information security liaison. Each information security liaison is responsible for implementing the security policy within the liaison's branch or agency. It is presumed that any administrative costs associated with this provision would be absorbed within the respective workloads of each agency or branch of government.

Depending on the information security policy developed, this provision could also influence the computer hardware and software purchasing decisions of state agencies, the legislative branch, and the judicial branch. The impact of this provision on agency's future technology expenditures is expected to be limited.

**Explanation of State Revenues:** *Class D Felony Penalty Provision:* If additional court cases occur and fines are collected, revenue to both the Common School Fund (from criminal fines) and the state General Fund (from court fees) would increase. The maximum fine for a Class D felony is \$10,000. However, any additional revenues would likely be small.

*Class A Infraction Penalty Provision:* The bill makes it a Class A Infraction if an employee of a state agency negligently discloses a Social Security number in violation of the bill. The maximum judgment for a Class A infraction is \$10,000, which would be deposited in the state General Fund. However, any additional revenue is likely to be small.

**Explanation of Local Expenditures:** *Penalty Provisions:* If more defendants are detained in county jails prior to their court hearings, local expenditures for jail operations may increase. However, any additional expenditures would likely be small.

**Explanation of Local Revenues:** *Penalty Provision:* If additional court actions occur and a guilty verdict is entered, local governments would receive revenue from court fees. However, the amounts would likely be small.

**State Agencies Affected:** Department of Correction; Information Technology Oversight Commission; State agencies; Legislative Branch; Judicial Branch.

**Local Agencies Affected:** Trial courts, local law enforcement agencies.

**Information Sources:**

**Fiscal Analyst:** Sarah Brooks, 317-232-9559; John Parkey, 317-232-9854.